



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 1/8/2002

GAIN Report #CH2602

China, Peoples Republic of

Market Development Reports

Chongqing and Chengdu Fresh Fruit Markets

2002

Approved by:

Dr. Sam Wong

U.S. Consulate Guangzhou

Prepared by:

John D. Rutledge

Report Highlights:

Chongqing in China's southwest region continues as a distribution hub for the country's fresh fruit imports. Many varieties of imported fruit are available at Chongqing's main market, but imported table grapes are the most popular. In addition, despite Chengdu's large population, imported fruit is rare.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Guangzhou [CH3], CH

Chongqing, one of China's major citrus growing areas, continues to be the main distribution point for imported fruit entering China and reaching end-consumers located in the country's southwest region. Imported fruit distribution in Chongqing is handled by five different companies, an increase from two in 1999, but only two distribute a wide variety of fruits. The distributors mainly rely on the imported fruit wholesale markets of Guangdong province for their fruit, except for varieties indigenous to Southeast Asia. Those varieties often are shipped from Vietnam directly to Chongqing. Chengdu, the capital of Sichuan province and near Chongqing, has few imported fruit distributors located in its main fruit wholesale markets.

The main wholesale market in Chongqing where imported fruit distributors are located is called the Caiyuanba Wholesale Market. During Post's November 2001 visit, imported oranges, lemons, grapefruit, Star fruit and several varieties of apples were available to local consumers. Imported fruit distributors at the market claimed that they buy most of their produce from both the Lishui and Huadu Fresh Fruit Markets in Guangdong province. To buy the fruit in Guangdong and arrange for shipment to Chongqing, instead of constantly traveling between the two locations, these distributors usually have representatives at those markets. A few imported fruit Point-of-Purchase materials are on display at the market, mainly Washington Apple Commission and California Table Grapes Commission posters. The market hosts seven separate cold storage rooms, mostly owned by the five distributors of imported fruit. In addition, according to at least one distributor, wholesale profit margins for imported fruit distributors at this market tends to range from eight to ten percent. On some occasions, margins can reach 15 percent.

Two of the imported fruit distributors interviewed by Post say that the period from February to June now tends to be their best sales period. They further noted that during that time domestic fruit supplies often are low. One of the distributors also added that during that time period he usually has a truck delivering a shipment from Guangdong almost every day. During other months, shipments come about twice a week.

According to two separate distributors, table grapes are the most popular variety of imported fruit in the region. Both say that Chilean table grapes sell better than Californian ones. One distributor based his opinion on perceived product quality, while the other claimed that timing was a greater factor. The latter said that his best sales period for grapes is usually from February to June when domestically produced grapes are unavailable and Chilean grapes are more plentiful than Californian ones.

Chongqing distributors currently have only one major complaint about imported grapes and this complaint focuses on packaging. While Styrofoam boxes are appreciated, they do not like the placement of the grapes in plastic bags before shipment in the boxes. At the market, the distributors showed Post one box in which the grapes were packaged in this manner and which also had a Western Diamond brand of California sticker on the side. These distributors claim that the plastic bags restrict air circulation and leads to product damage, particular those grapes on the bottom. They would prefer that the grapes were not packaged in such a manner before overseas shipment.

Although imported grapefruit was still available at the market, distributors say that its popularity has not greatly improved over the years. They cited its taste as the main reason for low sales. This same reason for poor sales was cited by a local distributor two years before. Other imported citrus fruits, say the distributors, have good sales due to their good quality and taste, despite the region's reputation as the source of a sizable portion of China's citrus crop every year.

The imported fruit distributors at the Chongqing market feel that future sales should improve due to China's official entry into the World Trade Organization. In particular, they feel that lower Chinese import tariffs will help bring overall prices down across the supply chain. One distributor believes that entry and subsequent tariff reductions should force his grape prices down to under 80 Yuan (\$9.69) per box and lead to a huge increase in sales.

Chengdu has several sizable fruit wholesale markets, but the largest is the Southwest Fruit Wholesale Market, formerly known as the Simaqiu Fruit Wholesale Market. Over a hundred different distributors operate booths in that market, but only a handful sell imported fruit. When visited by Post last November, the only imported fruit available was bananas from the Philippines and Ecuador. Although most of the domestic fruit available came from western China, some of the available domestic fruit came from as far away as Hebei and Fujian provinces which are located on the country's east coast.